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ABSTRACT

The amendments to the Job Training Partnership Act refine the existing statute without disrupting basic program operations. The major provisions make adjustments in the following areas: (1) definition of economically disadvantaged; (2) designation of service delivery area; (3) the Literacy and Dropout Prevention Program; (4) protection for the states against funding changes based on yearly fluctuations in the employment rate; (5) summer youth remediation; (6) use of six percent funds for technical assistance and post-program data collection; (7) dates of summer youth programs; (8) prohibition of matching on discretionary Title III grants; (9) identification of dislocated workers especially farmers; (10) taxation of Job Corps operations; and (11) labor market information. (LHW)

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99TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
99-754

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JOB TRAINING PARTNERSHIP AMENDMENTS OF 1986

AUGUST 6, 1986.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HAWKINS, from the Committee on Education and Labor, submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany H.R. 5185]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and Labor, to whom was referred the bill (H.R. 5185) to make certain amendments to the Job Training Partnership Act, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

BACKGROUND AND NEED FOR THE LEGISLATION

Passage of the Job Training Partnership Act (JTPA) in 1982 followed more than eighteen months of legislative deliberation and 20 years of experience with Government employment and training programs. A major change in the operation of these programs resulted under the JTPA. For example, the role of States was greatly expanded, the private sector was made a full and equal partner with local elected officials and mandatory performance standards were applied to all components of the program. To provide stability to the new system and avoid frequent changes in the law, Congress enacted JTPA as a permanent authorization. Since enactment of the new law, Congress has conducted extensive oversight on program implementation and has been reluctant to consider major programmatic changes. One theme which has been heard repeatedly from the field during this oversight has been "Don't tinker with the law too soon or too often."

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After three years of operation, certain amendments have become necessary. These amendments stem from unanticipated problems in the statute and issues which had not fully surfaced at the time of JTPA's enactment. The Committee, therefore, has approved a series of bipartisan amendments designed to clarify or perfect certain portions of the Act. These amendments are not intended to represent a complete revision of JTPA. They do not correct every problem in the Act, nor do they include every change or new provision suggested in the last three years. Rather, these amendments attempt to refine the existing JTPA statute without disrupting basic program operations. Only minor amendments, or those considered absolutely necessary, were incorporated in the Committee's bill.

The compelling reason for amending JTPA is the existing allocation formula under Title II. Under current law, States receive their allotment of Title II funds according to a three part formula. Local service delivery areas receive their portion of the State allotment on the basis of the same formula. However, a hold-harmless provision protects States from yearly fluctuations in funding which could be caused by changes in employment, while no such provision applies to local allocations. The result has been drastic variations in funding for certain service delivery areas, wreaking havoc on the planning process. While this is a complex problem in need of a long-term solution, the Committee amendments would resolve the issue in the interim by applying the same hold-harmless currently in effect for States to local service delivery areas as well.

Another issue which needs clarification is the 6% set-aside for State incentive and technical assistance grants. The Labor Department recently promulgated regulations which prohibit the use of these funds for "preventive" technical assistance and for collection of post-program follow-up data on participants. The Committee amendments would specifically allow the 6% funds to be used for both activities.

Two of the Committee amendments attempt to improve JTPA services to disadvantaged youth. One amendment targets a portion of the education coordination grants funds for literacy training, drop-out prevention and statewide school-to-work transition assistance. The other encourages local areas to incorporate a remedial education component in their summer youth employment and training programs. A comprehensive solution to our severe youth unemployment problem is beyond the scope of this bill; however, these amendments are designed to strengthen and enhance the existing JTPA programs for youth.

Several other significant provisions in the Committee bill address the problems of dislocated farmers—this issue did not emerge as a major issue until early in the 99th Congress.

Although the Committee acknowledges that the program is not perfect in every detail and could be improved, it also recognizes that JTPA holds great promise for the Nation's disadvantaged and dislocated workers. Extensive legislative change before all issues have fully emerged could jeopardize that promise by creating confusion and instability at the State and local levels. This Committee will continue to monitor closely the activities and implementation of JTPA and consider further amendments when necessary.

SUMMARY OF THE MAJOR PROVISIONS

1. *Definition of Economically Disadvantaged* changes the period of time during which family income is considered for eligibility from 6 months to 12 months.

2. *Designation of Service Delivery Area* modifies one factor in providing for SDA self-determination. Currently a consortium of units of general local government with a population of 200,000 or more which serve a substantial portion of a labor market area shall be approved as a SDA. This amendment broadens this exemption so that a consortium which serves a substantial portion of one or more labor market areas can be considered.

3. *Literacy and Dropout Prevention Program* targets a portion of the 8 percent state education set-aside on specific objectives. Currently, 8 percent of the money a state receives is held for joint education-SDA programs. Although the amendment provides no programmatic direction, it requires that 40 percent of the funds that are reserved for joint programs be focused on literacy, dropout prevention or statewide school-to-work transition programs, or any combination thereof. In total, 2.5 percent of the funds received by the State under the basis state grant would be reserved for these purposes.

4. *Sub-state Hold Harmless* mandates a 90 percent substate hold harmless for Titles II–A and B based on the allocation for the preceding program year. This amendment corrects an oversight in the original bill. States already enjoy a 90 percent hold harmless provision. The effective date of this provision is July 1, 1987.

5. *Summer Youth Remediation* permits SDAs to use basic state grant money (Title II–A) and Summer Youth Employment Program (SYEP) money (Title II–B) to provide remediation as part of the summer program. While current law permits the use of these funds for this purpose, this amendment allows SDAs to count the Title II–B funds toward meeting not more than one-fourth of the 40 percent youth requirement under Title II–A.

6. *Use of 6 Percent Funds* allows the incentive grant set-aside to be used for general technical assistance and to fund the implementation of post-program data collection. Currently only those SDAs that have not exceeded their performance standards can receive or participate in technical assistance. This restriction does not allow for "preventative" technical assistance. The amendment permits long-term follow-up to be funded out of the 6 percent set-aside for a period not to exceed five years. The Department of Labor recently promulgated a proposed regulation which would prohibit using the 6 percent funds for either of these activities after October 1, 1986.

7. *Summer Youth Programs* allows Summer Youth Programs to be offered during the "regular vacation time of the student" whether or not it is in the "regular" summer months. This provision addresses the concerns of those schools that are going to the year-round school calendar.

8. *Prohibition of Matching On Discretionary Title III Grants.* Section 8 prohibits the Secretary of Labor from requiring State matching amounts on grants from the Secretary's discretionary funds under Title III, the dislocated worker program.

9. *Identification of Dislocated Workers* adds self-employed and farmers to the definition of dislocated workers under Title III.

10. *Taxation of Job Corps Operations* clarifies that Job Corps Contractors cannot be charged sales or use tax in the operation of a Job Corps Center. This language is merely a clarification of the intent of the law, and has the support of the Department of Labor.

11. *Labor Market Information* requires the Secretary of Labor to develop a means by which statistical data relating to permanent dislocation of farmers and ranchers can be collected and published.

Committee Action

H.R. 5185 was introduced on July 17, 1986, with broad bipartisan Committee support. The bill was considered by the Education and Labor Committee on July 22 and ordered reported by voice vote on July 24, 1986.

The amendments incorporated in this bill were addressed in numerous oversight hearings. During the 99th Congress, the Subcommittee on Employment Opportunities conducted 9 days of oversight hearings and one day of hearings on a legislative proposal to provide for a remedial education component in the summer months. In previous sessions of Congress, the Subcommittee conducted extensive oversight hearings on implementation of the new law.

Explanation of the Legislation

Definition of Economically Disadvantaged

Participation of disadvantaged youth and adults in programs under Title II of JTPA is based on an applicant meeting the statutory definition of "economically disadvantaged." (At least 90 percent of program participants must be economically disadvantaged.) Currently, this definition is based on applicants' income levels as determined by annualizing their previous six months' earnings. For many, this annualization of a six month "look-back" may not accurately reflect their true income for the previous year. This particularly holds true in the case of farmers and self-employed individuals whose eligibility for program participation under the six month review may be jeopardized by seasonal or intermittent income.

In order to address this problem and to clarify the intent of the legislation, the Committee has determined that eligibility should be based on the actual previous year's earnings of an applicant, rather than on an annualized six month figure. The Committee believes that this change will allow for a more accurate reflection of an applicant's true economic circumstances. The Committee recognizes that adoption of this amendment will require a reasonable implementation period to be established by the Department of Labor. Further, the Committee does not intend that this provision apply to individuals already enrolled in Title II programs.

Designation of Service Delivery Areas Based on Labor Market Areas

This amendment is necessary to clarify the original intent of Congress which has been constrained by the narrow interpretation given to Sec. 101(a)(4)(A)(ii) of JTPA.

The Committee believes that this technical change will permit local governments to join together to apply for SDA designation and to serve areas that better conform to needs within the state, rather than to artificial, single labor market boundaries.

Education Set-Aside

Section 123 of the law was drafted originally to assure that local education providers and service delivery areas (SDAs) would work together to provide services to eligible participants. Although in many areas this provision has resulted in creative and innovative programs for disadvantaged youth and adults, as well as for dislocated workers, the general consensus appears to be that these funds are not providing the kinds of programs and activities originally intended under the law.

The Committee amendment attempts to strengthen the education set-aside by targeting funds on three high priority areas, without being overly prescriptive on programmatic details.

First, the Committee is concerned about the increasing rate of illiteracy among youth and adults. Recent estimates are that as many as 60 million people in the United States may be functionally illiterate. These individuals suffer from higher rates of unemployment, low income, loss of self-esteem, and greater public dependency, while corporations encounter the expense of training and poor performance on the job as a result of illiteracy in the workforce. The cost of illiteracy to the U.S. economy has been estimated as high as $224 billion annually. In addition, the Department of Education estimates that 2.3 million people are added each year to the ranks of the functionally illiterate.

The problem of school drop-outs also is a major concern to the Committee. A June 1986 GAO Report, "School Dropouts: The Extent and Nature of the Problem", reported that Current Population Survey data show that in October 1985 there were about 4.3 million dropouts between the ages of 16–24. The overall dropout rate for this age group is approximately 13 to 14 percent. The report adds that job opportunities are poor for youth who have not completed high school and are even worse for black dropouts than for whites.

Finally, the Committee notes the reported success of school-to-work transition programs for disadvantaged youth who do not plan to pursue further education upon graduation from high school. JTPA currently authorizes a school-to-work transition program at the SDA level. It appears though, that this strategy works best when operated on a statewide basis. Such programs are preventative in nature and have created links between the state and the local education agency and SDAs in a coordinated approach to addressing youth unemployment. It is the intent of the Committee that high school students served under these programs will continue to meet the eligibility requirements under the Act.

The Committee therefore directs that a portion of the funds under Section 123 which are used to provide services for eligible participants through cooperative agreements between education service providers and SDAs will be used to provide literacy training, dropout prevention programs and statewide school-to-work

transition programs or any combination thereof. Many activities already operated under this section will meet the requirements of this new provision. Nothing in this language precludes such programs to be similar in format to the programs described in a bill recently considered by the Committee, H.R. 3042, the Dropout Prevention and Reentry Act.

Intrastate Hold Harmless

During oversight hearings on the Job Training Partnership Act, one concern that was raised consistently was the lack of substate hold harmless provision under Title II of the Act. Although the law provides for a 90 percent hold harmless to the states, no similar provision was applied at the substate level.

Witnesses told the subcommittee that, without such a provision, many service delivery areas (SDAs) have suffered funding shifts from year to year which has resulted in program instability. A recent survey conducted by the National Job Training Partnership Inc. showed that approximately 200 SDAs experienced a reduction in funds in excess of 10 percent from program year 1985 to program year 1986.

The Committee is aware of the fact that earlier this year, the Department of Labor contracted with Abt Associates to study the existing formula factors. The report is due to be completed in the fall. Until such data are available, the Committee does not believe that the basic formula should be altered. The Committee needs an opportunity to fully examine the Abt Associates report. Therefore, the Committee believes that an interim solution to this problem is the provision of a 90 percent substate hold harmless based on the allocation for the preceding program year. By this action, the Committee does not intend to preclude further consideration of the formula at a later date. The Committee's amendment will take effect July 1, 1987.

The Committee wishes to emphasize that the substate hold harmless provision shall to applied to all SDAs within a State. Further, it is the Committees' intent that in the case of single statewide SDA States, the only hold harmless provision which is applicable is the State hold harmless provision under section 201(b)(2)(B) of Job Training Partnership Act.

Remedial Education Component

The Committee is proposing an amendment to the Summer Youth Employment Program that would achieve two goals. First, many SDAs are not meeting the Act's requirement that at least 40 percent of Title II-A funds be spent on services to youth. This amendment would help those SDAs meet that requirement. Second, recent research has demonstrated that many disadvantaged youth experience academic decay over the summer months and this amendment is designed to encourage SDAs to incorporate remediation for disadvantaged youth into their summer programs.

A recent report by the National Committee for Full Employment indicates that nearly one-fourth of all teenagers face at least one significant barrier to employment and self-sufficiency. Thus, more than 4 million poor youth are at-risk of becoming the adult poor of

the 1990's and the dependent poor of the 21st century. The report recommends one way to prevent this outcome for poor youth is greater emphasis on basic skills training in school and under JTPA.

Although remediation as part of the summer program is currently allowable under the law, H.R. 5185 emphasizes this activity by specifically providing the authority for SDAs to offer remediation as part of their summer program. To encourage SDAs to provide such remediation, H.R. 5185 permits funds under the basic grant Title II-A to be used to provide such services, as long as the SDA can demonstrate in its plan that such services, facilities or equipment will be available to participants throughout the program year. The bill further provides that summer funds under Title II-B that are used to provide such remediation services, can be counted toward not more than one-fourth of the requirement that SDAs must spend 40 percent of its funds on services to youth.

The Committee intends not to diminish but to supplement the service or funds available to youth under JTPA. Instead, the Committee hopes these provisions will ultimately provide greater services to youth, both in the Summer Youth Employment Progam and in the regular youth programs under Title II-A. SDAs are reminded that this provision does not eliminate the maintenance of effort provisions in the law. Use of this provision to reduce the portion of funds currently dedicated to youth services or to reduce the types of services provided under the 40 percent requirement would clearly violate not only the intent of the law, but also its spirit. The Committee expects that only those SDAs which continue to encounter difficulty in meeting the 40 percent requirement will utilize this incentive, and that it will not be used on a regular basis, but only as necessary. SDAs must describe in their local plan their intention to count such Title II-B funds (Summer Youth Employment Program) against their 40 percent requirement. In approving the use of funds in this manner, local elected officials, PICs, and the SJTCC are expected to exercise prudent judgment in terms of the overall effect on the programs provided and the level of funding for youth programs.

Additionally, the Committee believes that it is permissible to use funds from other sources such as Section 123 under JTPA, vocational education, and private industry, to support the remediation component under the Summer Youth Employment Program. The Committee encourages SDAs to work closely with local education providers including CBOs of demonstrated performance to provide a remediation component under the Summer Youth Employment Program, and to recognize the potential long-term cost savings if participants under this program remain in school through high school graduation.

Six Percent Set-Aside

The Committee believes it necessary to clarify allowable uses of the six percent set-aside, particularly with regard to post-program data collection and technical assistance. The Committee supports the Department of Labor's new post-program data collection plans, which will provide the national data necessary to implement

longer-term performance standards as originally envisioned in the Act. The Committee also recognizes that valid and reliable data collection systems are needed to make incentive and sanction decisions in the future. It is the Committee's intent to allow states and service delivery areas (SDAs) flexibility in developing and implementing such systems. Use of the six percent incentive grant funds for not more than five years should allow development of either centralized data collection systems administered by the state or decentralized SDA data collection systems.

Further, the Committee intends that on-going technical assistance be provided to all service delivery areas for the improvement of programs, not just to those SDAs failing to exceed performance standard at the end of a program year. The Committee believes that technical assistance may be needed in a variety of areas to improve performance and to help meet program requirements. It is not our intent to limit technical assistance to specific programmatic areas. However, the Committee suggests that states develop a plan of action in conjunction with their SDAs to meet identified needs when such assistance is to be provided.

Finally, the Committee would like to clarify that it does not believe six percent incentive grant funds should be used for the ongoing maintenance of management information systems.

The Committee also wishes to clarify how single state-wide SDA states may use the six percent funds. The administrative structure of single service delivery area states gives them unique flexibility in developing policies regarding the use of six percent funds, either as incentive awards or for technical assistance. When funds are used as incentive awards they may be used as awards to subcontractors, to enhance existing programs, or to develop new programs. Funds used for technical assistance may be used to improve program performance in general within the state or to help in meeting program requirements such as the requirement to expend forty percent of funds on youth. In addition, Governors in single SDA states should have maximum flexibility in specifying sanction policies for failure to meet performance standards.

Availability of Summer Youth Programs During Nonsummer Months

A number of educational agencies have adopted or are considering adopting year-round school schedules. For example, the Los Angeles Unified School District has adopted a year-round school schedule slated to go into effect for the 87–88 school year. With the adoption of a year-round school calendar, the vacation periods could occur during any season.

Because many of these youth affected by the year round schedule often participate in the summer youth program under the authority of the Job Training Partnership Act, the Committee believes that clarification of the months during which the summer youth employment program can be operated is warranted.

The Committee amendment provides that SDAs may offer the programs under Title II–B (the summer youth employment and training programs) to participants during a vacation period treated

as the equivalent of a summer vacation if the local education agency operates on a year-round calender.

In response to a recent letter from the Director of Employment Development Department in Sacramento, the Department of Labor issued an interpretation which addressed the California situation by permitting the Governor to define "summer months" as either the traditional summer months or as a vacation period equivalent to the traditional summer months.

It is the Committee's intent to expand this interpretation response to other entities which choose to operate under a year-round school calendar.

Prohibition of Matching Grants From Secretary's Discretionary Fund Under Title III

The Committee believes that this provision conforms to the original intent of JTPA. The report of the House Education and Labor Committee accompanying the original House bill, H.R. 5320 (H. Rept. 97-537, p. 28) states: "These funds [Secretary's discretionary funds under Title III] are available through application with no match required." The Senate bill had no set-aside for the Secretary under Title III. The JTPA conference report (H. Rept. 97-899, p. 136) made clear that the Senate receded to the House on this issue. Thus, the only relevant legislative history regarding the matching requirement for the 25% Secretary's set-aside was in the House Committee report on the bill that passed the House. This amendment is necessary since, in 1985, the Secretary decided to require a two-for-one match as part of the application process for dislocated worker discretionary funds for laid-off copper and steel workers under Title III of the Job Training Partnership Act.

AMENDMENTS RELATING TO DISLOCATED FARMERS

In response to the economic crisis affecting many of our Nation's farmers, the Committee has incorporated a number of changes into the Job Training Partnership Act. These changes are intended to encourage delivery of employment and training services to farmers who are being forced to leave farming due to severe economic conditions, and to improve existing data collection methods to more accurately account for this population.

When JPTA was enacted in 1982, the farm crisis had not risen to the proportion that it has today. Therefore, the problem was not specifically addressed in the statute. Since that time, many concerns have been expressed over the possible exclusion of dislocated farmers from JTPA programs.

In 1985, the Department of Labor issued a memorandum which informed Governors that it was not inconsistent with the law to consider dislocated farmers as dislocated workers for the purposes of eligibility under Title III of the Act. The Department of Labor should be commended for this interpretation. Further, under the Secretary's Title III Discretionary Funds, the Department of Labor has awarded a significant amount of money to States for dislocated farmer employment and training programs. However, many States and service delivery areas, particularly those with high concentra-

tions of distressed farmers, continue to experience difficulties in identifying and serving this population.

In order to adequately identify those farmers and ranchers who would qualify for assistance under JTPA, the Committee's bill amends Title IV of JTPA, the Cooperative Labor Market Information Program, to require the Secretary of Labor to develop a means by which statistical data relating to permanent dislocation of farmers and ranchers can be collected. The amendment directs the Department to collect such data. While the Committee does not specify what information should be gathered in the statutory language, Committee Members encourage that this information include: the number of farm and ranch failures; the number of farmers and ranchers dislocated, including farm spouses dislocated; the location of the affected farms and ranches; the types of farms and ranches involved; and if available, the causes for such failures. The Secretary is directed to publish a report based upon these data. The report should include a comparison of these findings with data currently used by the Bureau of Labor Statistics to determine the Nation's annual employment and unemployment rates and an assessment of whether or not farmers and ranchers are being adequately accounted for in such employment statistics. This amendment is intended to identify formally, for the first time at the Federal level, those farmers and ranchers who are being forced out of farming and who will be in need of transitional assistance. Further, it addresses the concern that rural underrepresentation is occuring in current unemployment statistics, affecting the funding allocation under a number of critical Federal assistance programs, including JTPA.

To address the problems associated with determining eligibility for displaced farmers and self-employed individuals under Title III, the Committee bill also includes an amendment to clarify that self-employed individuals, including farmers, shall be determined as eligible for participation under the Dislocated Worker Program if they are or will become unemployed due to general economic conditions in the community or because of natural disasters. The bill directs the Secretary of Labor to establish categories of self-employed individuals and of economic conditions and natural disasters to which this new clause shall apply.

Through this amendment, the Committee hopes to encourage delivery of services to dislocated farmers, as well as self-employed individuals, who have previously been underserved. This language should in no way be interpreted as being more restrictive than that already provided for under current law.

The Committee decided that this definition expansion should not be overly prescriptive in order to provide States necessary flexibility. However, the Committee does encourage those States with significant numbers of dislocated farmers to develop definitions which recognize farmers in the process of going out of business as eligible under Title III, as long as they can demonstrate that they intend to leave farming.

The Committee notes that certain States, such as Wisconsin, Minnesota, and Iowa, have already established flexible definitions for identifying "dislocated farmers" for program eligibility. While varying somewhat from State to State, under such definitions, a

displaced farmer may be determined eligible to participate in Title III employment and training programs if it can be certified that the farm operation will terminate because of circumstances which may include one or more of the following events: (1) the issuance of notice of foreclosure or intent to foreclose; (2) the failure of the farm to return a profit during the preceding 12 months; (3) the entry of the farmer into bankruptcy proceedings; (4) the failure or inability of the farmer to obtain capital necessary to continue operations; (5) the failure or inability of the farmer to make payments on loans secured by the farm premises; or (6) the farmer's total debts exceed 70 percent of total farm assets. The Committee recognizes that these criteria on which States may base eligibility determinations are not all-inclusive, however they do provide an effective means by which to provide vital transitional assistance to farmers *in the process* of leaving farming in search of alternative employment. Therefore the Committee encourages the consideration of such or similar criteria when determining eligibility for dislocated farmers under Title III programs.

Finally, while making no formal changes in the statute, the Committee encourages the Department of Labor and the National Commission For Employment Policy to continue to study and evaluate Job Training Partnership Act's effectiveness in rural America, and to respond to the Committee within one year.

Prohibition on Taxation of Job Corps Operations

The bill contains an amendment clarifying section 437(c) of JTPA.

The intent of Congress in amending section 437(c) is to ensure that all Job Corps activities and transactions authorized under Part B of Title IV of JTPA which are carried out pursuant to contracts with the Secretary by either for-profit or non-profit Job Corps contractors are exempted from all State gross receipts, excise, sales, use, business privilege, or similar taxes (such as occupational taxes) measured by gross receipts.

Section 437(c) as originally enacted provided:

> Transactions conducted by private for-profit contractors for Job Corps centers which they are operating on behalf of the Secretary shall not be considered as generating gross receipts.

Despite the existing statutory provision and implementing regulations, several States have levied use taxes and other taxes on Job Corps contractor transactions. In order to assure that there can be no mistake concerning the legislative intent, the revised section 437(c) specifically names several common forms of taxes of the species of gross receipts taxes which are meant to be prohibited by this provision with respect to Job Corps operations.

In this connection, the Committee recently received a letter from Peter Rell, Director of the Job Corps, Department of Labor, which states,

> . . . We are concerned that further imposition of taxes by States, despite the Congressional intent to exempt Job Corps contractors and transactions, will further drain ap-

propriated funds to decrease the number of youth that can be served at any given appropriation level. The perfecting amendment proposed would elevate, essentially intact, the Department's regulation implementing Section 437(c) of JTPA. This seems fully consistent with Congressional intent and the department's implementing regulations and would have the effect of clarifying the existing language to ensure that funds appropriated are fully available for serving disadvantaged youth. As a result, we have no objection to such an amendment.

Other Issues

Secretary's Role in Ensuring Compliance Under the Act

No later than 60 days prior to the beginning of the development of the job training plan for FY 1987 and subsequent program years, the Secretary shall develop a procedure to ensure that all local elected officials and members of the PICs are informed of their rights pursuant to section 103 of the Act rearding their roles, staffing and the development of the local job training plan. As emphasized in the JTPA conference report (H. Rept. 97-889, p. 97), the State has no ". . . authority to review discretion with regard to policy-making at the local program level, provided it is exercised in accordance with the provisions of this Act." The Secretary shall also ensure that ". . . such policy-making responsibility is properly housed at the local level, under the control of the local partnership between chief elected officials and the private sector."

The Committee encourages the Secretary to develop a procedure to ensure compliance with section 203(b) (1) and (2) of this Act for both States and service delivery areas.

Native American Programs

Section 401(e) of JTPA directs the Department of Labor to administer Indian and Native American programs with an office staffed by, ". . . personnel having particular competence in this field." House report 97-537 accompanying H.R. 5320 states that, "The Committee bill insures the continuation of Indian and Native American programs as national programs, centrally administered by a special unit within DOL's national office." This language presumed that programs administered by this office would be staffed by persons with experience in the delivery of employment and training services at the Indian community level. It is the opinion of the Committee that the Department has not taken sufficient steps to insure that staff either in the Division of Indian and Native American programs or in other offices within ETA that have significant responsibilities for the selection and monitoring of Indian grantees have such experience.

Therefore, the Committee directs the Secretary to insure that a substantial proportion of the staff responsible for each of the functions specified in 401(e) have experience in the delivery of employment and training or related human resource development services at the Indian or Native American community level. The Committee further directs the Secretary to provide information on the steps

taken to implement this provision of law within 90 days of the date of enactment of these amendments.

Placement

Concern was expressed during the full Committee consideration of these amendments that existing employment services were not fully utilized in placing JTPA terminees. Section 141(h) of the law requires that, "Funds provided under this act shall not be used to duplicate facilities or services available in the area. . ." Therefore, the Committee encourages administrative entities, wherever possible, to utilize the existing placement services of state and local government employment service offices rather than hire job developers through their own offices.

COST ESTIMATE

The Congressional Budget Office (CBO) has provided the following estimate of the costs which will be involved in implementing this legislation. With respect to the estimate required by clause 7 of Rule XIII of the Rules of the House of Representatives, the Committee accepts the CBO estimate. No cost estimates have been received from any other Federal department or agency. The Congressional Budget Office letter follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 31, 1986.

Hon. AUGUSTUS F. HAWKINS,
Chairman, Committee on Education and Labor,
U.S. House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed H.R. 5185, the Job Training Partnership Act Amendments of 1986, as ordered reported by the Committee on Education and Labor on July 24, 1986.

The bill would amend the Job Training Partnership Act (JTPA) to change eligibility criteria for training and to allow states to make changes in the allocation of some funds. The bill would change the definition of economically disadvantaged to include only those persons whose family income for the past twelve months was below the poverty level. Under current law, persons with family incomes below the poverty level for the past six months are eligible for training under JTPA. The bill would allow the Secretary of Labor to establish eligibility categories in the dislocated worker program for self-employed workers (including farmers) who are unemployed because of economic conditions and natural disasters.

H.R. 5185 allows states to shift title II-A funds to the Summer Youth program to provide remedial education programs to youth during the school year and allows states to use incentive grant funds to gather data on post-program experience. States would be required to spend 40 percent of the state education set aside on literacy and dropout prevention. A 90 percent intrastate hold harmless provision would take effect July 1, 1987. The bill prohibits the requirement of a state match for the Secretary's discretionary

funds under Title III and prohibits the taxation of Job Corps operations.

Since the provisions mentioned above would change the way existing funds are allocated but would not affect the overall funding level, there would be no federal cost to these provisions.

In addition, H.R. 5185 requires the Secretary of Labor to collect data on the permanent dislocation of workers due to farm and ranch failures and publish an annual report based on this data. Currently the Department of Labor (DOL) collects information and maintains data bases on a number of occupation and employment related subjects. For unemployed and dislocated worker information, DOL maintains a data base comprised of unemployment insurance administrative records. Farmers, however, are not well represented in this survey since only farmers with 10 or more employees must file such records. Gathering information on farmers would involve designing and developing a new sampling frame that would include a sufficient number of small farms to provide reliable employment information on farmers as a whole. According to DOL this would be a major project. If an alternative method for collecting information on farmers using data currently available is found, the cost of the project would be small. But if no alternatives are found, developing and maintaining a sampling frame could cost up to an estimated $10 million annually.

The bill does not affect state budgets as a whole. Since the bill would shift funds within states, local government spending could be affected. Currently 11 states allow the taxation of Job Corps operations. If taxation were prohibited more funds would be available for Job Corps operations but the revenue to state governments would decline by the same amount and state budgets as a whole would be unaffected.

With best wishes,

Sincerely,

RUDOLPH G. PENNER, *Director.*

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(l)(4) of rule XI of the Rules of the House of Representatives and after reviewing the Congressional Budget Office cost estimate, the Committee expects that this legislation will not have any significant inflationary impact.

OVERSIGHT FINDINGS

With reference to clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, the Committee reports that no findings or recommendations of the Committee on Government Operations were received during the 99th Congress with reference to the subject matter addressed in H.R. 5185. However, the Subcommittee on Employment and Housing under the Committee on Government Operations conducted an oversight hearing on the question of the applicability of the Job Training Partnership Act to farmers in November, 1985, in Iowa.

The oversight findings of the Committee on Education and Labor are described in the sections at the beginning of this report under

the headings "Background and Need for the Legislation" and "Committee Action."

JOB TRAINING PARTNERSHIP ACT AMENDMENTS OF 1986 (H.R. 5185)

SECTION-BY-SECTION SUMMARY

Section 1 would establish the short title of the bill and provide that references to "the Act" refer to the Job Training Partnership Act (JTPA).

Section 2 would amend section 4(8)(B) of JTPA so that an individual's income for the previous 12 months, rather than 6 months, would be examined in determining whether the individual is economically disadvantaged.

Section 3 would amend section 101(a)(4)(ii) of JTPA to broaden the circumstances in which a consortium of local governments may request designation as a service delivery area (SDA). Current law allows designation of such consortiums, with aggregate populations of at least 200,000 if they serve a substantial part of a labor market area. The amendment would allow designation if the consortium served a substantial part of one or more labor market areas.

Section 4 would add new activities in the areas of literacy training, dropout prevention, and school-to-work transition assistance to section 123 of the Act. Current law sets aside 8 percent of Title II-A funds for statewide education activities, of which 20 percent is used for coordination agreements and 80 percent is used for the Federal share of actual service to disadvantaged individuals. The amendment would require States to use 40 percent of the funds that are reserved for joint programs for literacy training for youth and adults, dropout prevention and reenrollment services to youth, a Statewide school-to-work transition program, or any combination of these activities.

Section 5 would amend the allocation formula for Title II-A and II-B, under section 202(a) of JTPA, by adding a hold-harmless provision for substate allocations. The amendment would require that no SDA could receive less than 90 percent of the relative percentage of funds it received in the previous year.

Section 6 would add a new provision to section 203(b)(2) of JTPA, allowing SDAs to use funds under Title II-A to support a remedial education component in the summer youth employment and training program, authorized under Title II-B. Current law already allows SDAs to use Title II-B funds used for remedial education toward the requirement that at least 40 percent of Title II-A funds be spent on youth.

Section 7 would amend section 202(b)(3)(B) to make all SDAs eligible for State technical assistance grants, at the Governor's discretion. Current law restricts these grants only to SDAs which do not exceed their performance standards. The amendment also would allow funds, set aside for technical assistance and incentive grants, to be used for postprogram data collection during a period of no more than five program years.

Section 8 would amend section 253(a) of JTPA to allow SDAs located in school districts operating year-round programs, to operate

the summer youth employment and training program during vacation periods considered the equivalent of a summer vacation.

Section 9 would amend section 301(c) of JTPA to prohibit the Secretary of Labor from requiring State matching amounts on grants from the Secretary's discretionary funds under the Title III dislocated workers program.

Section 10 would amend section 302(a) of JTPA to add individuals who had been self-employed, including farmers, to the definition of dislocated workers if they became unemployed due to general economic conditions in their community or natural disasters, as determined by the Secretary of Labor.

Section 11 would amend section 437(a) of JTPA to prohibit taxation of Job Corps operations.

Section 12 would amend section 462 of JTPA to require the Secretary of Labor to consider rural and urban factors in developing a statistical measure of labor market related economic hardship. Further, the amendment would require the Secretary to develop a method for collecting statistical data on the permanent dislocation of farmers and ranchers, and to publish an annual report on such data.

Changes in Existing Law Made by the Bill, as Reported

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Job Training Partnership Act

* * * * * * *

DEFINITIONS

Sec. 4. For the purposes of this Act, the following definitions apply:

(1) * * *

* * * * * * *

(8) The term "economically disadvantaged" means an individual who (A) receives, or is a member of a family which receives, cash welfare payments under a Federal, State, or local welfare program; (B) has, or is a member of a family which has, received a total family income for the [six month] *12-month* period prior to application for the program involved (exclusive of unemployment compensation, child support payments, and welfare payments) which, in relation to family size, was not in excess of the higher of (i) the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, or (ii) 70 percent of the lower living standard income level; (C) is receiving food stamps pursuant to the Food Stamp Act of 1977; (D) is a foster child on behalf of whom State or local government payments are made; or (E) in cases permitted by regulations of the Secretary, is an adult handicapped individual whose own income

meets the requirements of clause (A) or (B), but who is a member of a family whose income does not meet such requirements.

* * * * * * *

TITLE I—JOB TRAINING PARTNERSHIP

PART A—SERVICE DELIVERY SYSTEM

ESTABLISHMENT OF SERVICE DELIVERY AREAS

SEC. 101. (a)(1) * * *

* * * * * * *

(4)(A) The Governor shall approve any request to be a service delivery area from—

(i) any unit of general local government with a population of 200,000 or more;

(ii) any consortium of contiguous units of general local government with an aggregate population of 200,000 or more which serves as a substantial part of [a labor market area;] and *one or more labor market areas;* and

* * * * * * *

PART B—ADDITIONAL STATE RESPONSIBILITIES

* * * * * * *

STATE EDUCATION COORDINATION AND GRANTS

SEC. 123. (a) The sums available for this section pursuant to section 202(b)(1) shall be used by the Governor to provide financial assistance to any State education agency responsible for education and training—

(1) to provide services for eligible participants through cooperative agreements between such State education agency or agencies, administrative entities in service delivery areas in the State, and (where appropriate) local educational agencies; [and]

(2) to facilitate coordination of education and training services for eligible participants through such cooperative agreements[.]; *and*

(3) to provide—

(A) literacy training to youth and adults;

(B) dropout prevention and reenrollment services to youth, giving priority to youth who are at risk of becoming dropouts;

(C) a State-wide school-to-work transition program operated in a manner consistent with section 205(e); or

(D) any combination of the activities described in subparagraphs (A), (B), and (C) of this paragraph.

* * * * * * *

(c)(1) * * *

(2)(A) Not more than 20 percent of the funds available under this section may be spent for activities described in clause (2) of subsection (a).

(B) [At least 80 percent of the funds available under this section shall be used for clause (1) of subsection (a) for the Federal share of the cost of carrying out activities described in clause (1).] *At least 80 percent of the funds available under this section shall be used for clauses (1) and (3) of subsection (a) for the Federal share of the cost of carrying out activities described in such clauses, and at least 40 percent of the funds available under this section shall be used for clause (3) for the Federal share of the cost of carrying out activities described in such clause.* For the purpose of this subparagraph, the Federal share shall be the amount provided for in the cooperative agreements in subsection (b).

(3) Not less than 75 percent of the funds available for activities under [clause (1)] *clauses (1) and (3)* of subsection (a) shall be expended for activities for economically disadvantaged individuals.

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TITLE II—TRAINING SERVICES FOR THE DISADVANTAGED

PART A—ADULT AND YOUTH PROGRAMS

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WITHIN STATE ALLOCATION

SEC. 202. (a)(1) * * *

(2) [Of] *Subject to the provisions of paragraph (3), of* the amount allocated under this subsection—

(A) 33⅓ percent shall be allocated on the basis of the relative number of unemployed individuals residing in areas of substantial unemployment in each service delivery area as compared to the total excess number of such unemployed individuals in all such areas of substantial unemployment in the State;

(B) 33⅓ percent shall be allocated on the basis of the relative excess number of unemployed individuals who reside in each service delivery area as compared to the total excess number of unemployed individuals in all service delivery areas in the State;

(C) 33⅓ percent shall be allocated on the basis of the relative number of economically disadvantaged individuals within each service delivery area compared to the total number of economically disadvantaged individuals in the State, except that the allocation for any service delivery area described in section 101(a)(4)(A)(iii) shall be based on the higher of the number of adults in families with an income below the low-income level in such area or the number of economically disadvantaged individuals in such area.

(3) For fiscal years beginning after September 30, 1986, no service delivery area within any State shall be allocated an amount equal to less than 90 percent of its allocation percentage for the fiscal year preceding the fiscal year for which the

determination is made. The allocation percentage for a service delivery area is the percentage which the service delivery area received of the total amount allocated pursuant to this subsection to all service delivery areas in all the States for such preceding fiscal year. If the amounts appropriated pursuant to section 3(a) and (b) are not sufficient to provide an amount equal to at least 90 percent of such allocation percentages to each such area, the amounts allocated to each area shall be ratably reduced.

[(3)] *(4)* For the purpose of this section—

(A) the term "excess number" means the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in the service delivery area or the number which represents the number of unemployed individuals in excess of 4.5 percent of the civilian labor force in areas of substantial unemployment in such service delivery area; and

(B) the term "economically disadvantaged" means an individual who has, or is a member of a family which has, received a total family income (exclusive of unemployment compensation, child support payments, and welfare payments) which, in relation to family size, was not in excess of the higher of (i) the poverty level determined in accordance with criteria established by the Director of the Office of Management and Budget, or (ii) 70 percent of the lower living standard income level.

(b)(1) * * *

* * * * * * *

(3)(A) Six percent of such allotment of each State for each fiscal year shall be available to carry out subparagraph (B) of this paragraph.

(B) The amount reserved under subparagraph (A) of this paragraph shall be used by the Governor to provide incentive grants for programs exceeding performance standards, including incentives for serving hard-to-serve individuals. The incentive grants made under this subparagraph shall be distributed among service delivery areas within the State exceeding their performance standards in an equitable proportion based on the degree by which the service delivery areas exceed their performance standards. If the full amount reserved under subparagraph (A) of this paragraph is not needed to make incentive grants under this subparagraph, the Governor shall use the amount not so needed for technical assistance to service delivery areas in the State [which do not qualify for incentive grants under this subparagraph.] *Funds available under this subparagraph may, without regard to section 108(a), be used by the Governor or a service delivery area during not more than five program years to develop and implement a data collection system to track the postprogram experience of participants under this part.*

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ELIGIBILITY FOR SERVICES

SEC. 203. (a) * * *

(b)(1) * * *

(2) *(A)* To the extent that the ratio of economically disadvantaged youth to economically disadvantaged adults in the service delivery area differs from the ratio of such individuals nationally (as published by the Secretary), the amount which shall be required to be expended for services for youth under paragraph (1) shall be reduced or increased proportionately in accordance with regulations prescribed by the Secretary.

(B) A service delivery area may use funds provided under this part to provide or support remedial education under part B of this title during the interval between participants' regular school years, if the service delivery area sets forth in its plan a description of the methods by which the services, facilities, or equipment provided or supported will be available for use by participants under this part and part B throughout the program year. Any funds made available under part B of this title that are used to provide or support such remedial education may be counted toward not more than one-fourth of the amount required (by paragraph (1)) to be expended under this part to provide authorized services to eligible youth.

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PART B—SUMMER YOUTH EMPLOYMENT AND TRAINING PROGRAMS

AUTHORIZATION OF APPROPRIATIONS; ALLOTMENT AND ALLOCATION

SEC. 251. (a) * * *

(b) The remainder of sums appropriated pursuant to section 3(b) shall be allotted among States in accordance with section 201(b) and allocated among service delivery areas within States in accordance with section 202(a)(2) [and (3),] *, (3), and (4).*

* * * * * * *

LIMITATIONS

SEC. 253. (a) Programs under this part shall be conducted during the summer months, *except that a service delivery area may, within the jurisdiction of any local educational agency that operates its schools on a year-round, full-time basis, offer the programs under this part to participants during a vacation period treated as the equivalent of a summer vacation.*

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TITLE III—EMPLOYMENT AND TRAINING ASSISTANCE FOR DISLOCATED WORKERS

ALLOCATION OF FUNDS

SEC. 301. (a) * * *

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(c) The Secretary shall make available the sums reserved under subsection (a) for the purpose of providing training, retraining, job search assistance, placement, relocation assistance, and other aid (including any activity authorized by section 303) to individuals

who are affected by mass layoffs, natural disasters, Federal Government actions (such as relocations of Federal facilities), or who reside in areas of high unemployment or designated enterprise zones. In order to qualify for assistance from funds reserved by the Secretary under subsection (a), a State shall, in accordance with regulations promulgated by the Secretary establishing criteria for awarding assistance from such funds, submit an application identifying the need for such assistance and the types of, and projected results expected from, activities to be conducted with such funds. *Such criteria shall not include any requirement that, in order to receive assistance under this subsection, the State shall provide a matching amount with funds available from one or more other sources.*

* * * * * * *

IDENTIFICATION OF DISLOCATED WORKERS

SEC. 302. (a) Each State is authorized to establish procedures to identify substantial groups of eligible individuals who—

(1) * * *

(2) have been terminated, or who have received a notice of termination of employment, as a result of any permanent closure of a plant or facility; **[**or**]**

(3) are long-term unemployed and have limited opportunities for employment or reemployment in the same or a similar occupation in the area in which such individuals reside, including any older individuals who may have substantial barriers to employment by reason of age**[**.**]**; *or*

(4) were self-employed (including farmers) and are unemployed as a result of general economic conditions in the community in which they reside or because of natural disaster, subject to the next sentence.

The Secretary shall establish categories of self-employed individuals and of economic conditions and natural disasters to which clause (4) of the preceding sentence applies.

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TITLE IV—FEDERALLY ADMINISTERED PROGRAMS

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PART B—JOB CORPS

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SPECIAL PROVISIONS

SEC. 437. (a) * * *

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[(c) Transactions conducted by private for-profit contractors for Job Corps centers which they are operating on behalf of the Secretary shall not be considered as generating gross receipts.**]**

(c) Transactions conducted by a private for-profit contractor or a nonprofit contractor in connection with the contractor's operation of

a Job Corps Center, program, or activity shall not be considered as generating gross receipts. Such contractors shall not be liable, directly or indirectly, to any State or subdivision thereof (nor to any person acting on behalf thereof) for any gross receipts taxes, business privilege taxes measured by gross receipts, or any similar taxes imposed on, or measured by, gross receipts in connection with any payments made to or by such contractor for operating a Job Corps Center, program, or activity. Such contractors shall not be liable to any State or subdivision thereof to collect or pay any sales, excise, use, or similar tax imposed upon the sale to or use by such contractors of any property, service, or other item in connection with the operation of a Job Corps Center, program, or activity.

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PART E—LABOR MARKET INFORMATION

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COOPERATIVE LABOR MARKET INFORMATION PROGRAM

SEC. 462. (a) * * *

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(d)(1) The Secretary is authorized to develop data for an annual statistical measure of labor market related economic hardship in the Nation, *taking into account both urban and rural areas.* Among the factors to be considered in developing such a measure are unemployment, labor force participation, involuntary part-time employment, and full-time employment at wages less than the poverty level.

* * * * * * *

(f)(1) The Secretary shall develop a means by which statistical data relating to permanent dislocation of farmers and ranchers due to farm and ranch failures can be collected and shall collect such data.

(2) The Secretary shall publish a report based upon such data as soon as practicable after the end of each calendar year. Such report shall include a comparison of data contained therein with data currently used by the Bureau of Labor Statistics in determining the Nation's annual employment and unemployment rates and an analysis of whether farmers and ranchers are being adequately counted in such employment statistics.

* * * * * * *

ADDITIONAL VIEWS OF MR. FAWELL TO H.R. 5185

During committee markup of H.R. 5185, Mr. Henry offered an amendment on behalf of Mr. Bruce and myself which would allow the Secretary of Labor to authorize the use of Title IV, Part D funds to establish pilot programs that help retrain current employees so they may meet the technological changes of the job market.

This amendment is identical to a provision included in the Senate's JTPA Amendments bill, S. 2069. The amendment requires no new funds. It merely allows the Secretary to use already appropriated monies for additional experimental and development demonstration projects for training individuals threatened with job loss due to technological changes, international economic policies, or general economic conditions.

Many manufacturers today are trying to keep a strong production and employment base in the United States. To do so, they must make major investments in high technology. Companies pursuing this path face high costs associated with retraining current employees to meet these technological changes.

Most current federal and state training programs focus on dislocated workers. Although there exists a strong need to maintain a focus on dislocated workers, attention must also be given to retraining workers who must upgrade their job skills to guarantee continued employment in the high-tech era. Under JTPA, however, the currently employed are basically excluded from participating in job training.

Mr. Henry withdrew the amendment during committee markup after receiving assurances from the Chairman that he has no opposition to the amendment and would not oppose it in conference. It is my hope the House conferees will make every effort, based on the Chairman's assurances, to include this Senate provision in the final conference report.

HARRIS W. FAWELL.